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SUBJECT: LATVIAN HEALTH MINISTRY CUTS BUDGET; TUBERCULOSIS  
CENTER TO REMAIN

¶1. (U) Summary. The Latvian Ministry of Health, like other Latvian ministries, is facing huge budget cuts and restructuring as the country deals with its financial crisis. Officials state that the cuts and reforms will not negatively affect Latvia's ability to provide essential health care or to respond to possible pandemic diseases. The world-class State Agency for Tuberculosis and Lung Diseases will retain its current structure for the near-term, though the ministry plans to eventually merge it with a medical university. End summary.

¶2. (U) PolEcon Off met with the Health Ministry's Deputy State Secretary, Rinalds Mucins, and the Director of its Department of European Affairs and International Cooperation, Agnese Rabovica. Mucins described the status of their budget planning, as the government works to complete budget amendments by June 12. The Health Ministry, along with the Education Ministry, have been specifically designated as in need of broad structural reforms as the government works to meet requirements included in the IMF and European Commission-led financial assistance package for Latvia. The World Bank had in previous years also suggested significant reforms, and that report is being considered in formulating the ministry's budget and reform proposal.

¶3. (U) Mucins said that key to cutting expenses will be moves to close or merge approximately 13 small, under-utilized hospitals, and to provide many procedures on an out-patient basis, rather than as overnight stays in hospitals. The ministry will also look to reform its administrative and procurement systems. He stated that this would include a reduction of 15-20% in the number of administrative employees, and changing authorized treatments of HIV/AIDS, cancer, and other diseases to utilize more cost-effective drugs. Co-payments for hospital stays have already been implemented, he noted, and those fees have reduced the length of hospital stays by 10%.

¶4. (U) To reduce future costs, Mucins said that the ministry will implement programs that focus on disease prevention, early detection and the promotion of healthy living. This will include increased vaccination programs and sending periodic invitations to residents to come in for breast and cervical cancer screenings.

¶5. (U) Mucins said that there will be some nursing layoffs, but that he hoped many nurses would find increased employment opportunities in home care, as the ministry implements changes to limit hospital stays. He did not believe that doctors would be laid off, but that specific staffing decisions are left to the individual hospitals. He noted that the number of doctors are tied to the services each hospital decides to offer, and that birth delivery and emergency room services require mandatory minimum staffing levels to ensure adequate quality of services.

¶6. (U) On the revenue side of the budget, Mucins discounted

the possibility that the government would implement mandatory health insurance in Latvia, an idea that has been mentioned by the PM's New Era Party. Mucins noted that payments for such insurance would be viewed as an additional tax, and could not be afforded by many pensioners. He said that pensioners make up one-quarter of Latvia's population, but use one-half of all medical services.

17. (U) When asked if Latvia could afford to maintain the State Agency for Tuberculosis and Lung Diseases, a world-class center that has cooperated extensively with U.S. agencies such as the Centers for Disease Control, he said that it would continue to be funded and retain its current structure for the near-term. As Latvia's tuberculosis rates continue to fall over the next decade, however, he said that the center's large facilities will no longer be viable or needed as a stand-alone institution, and it would eventually be merged with Latvia's Eastern University (which according to him is a teaching university with many existing specialty centers for other diseases). He also stated that the ministry would maintain its capability to track and respond to any possible pandemic diseases, such as avian or swine flu, despite the reduced budget.

ROGERS